



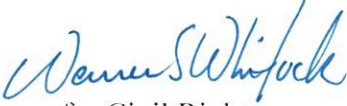
U.S. Department
of Transportation
**Federal Highway
Administration**

Memorandum

Sent via E-mail

Subject: DBE Business Development Programs
and DBE Supportive Services Funds

Date: 12 August 2013

From: Warren S. Whitlock 
Associate Administrator for Civil Rights

In Reply Refer To:
HCR-30

To: Division Administrators and Division
Civil Rights Specialists

The U.S. Department of Transportation's Office of Inspector General (OIG) issued a report on its audit of the Disadvantaged Business Enterprise (DBE) program in April 2013. The findings of the OIG report include: 1) the U.S. Department of Transportation (USDOT) has limited success in achieving its program objective to develop DBEs to succeed in the marketplace; and 2) a small percentage of certified DBEs across the country actually obtain work on federally-assisted contracts. After the report was issued, the Federal Highway Administration (FHWA) Headquarters Office of Civil Rights (HCR), together with FHWA executive leadership, met with DBE program stakeholders for input on how to increase the participation rate of DBEs that actually receive prime and subcontracts.

As a result of the stakeholder meeting, we believe that an effective strategy to increase the number of DBEs working on federally-assisted contracts is to improve the competency and business capacity of the pool of certified firms nationwide. While some State Departments of Transportation (State DOTs) have successful programs to assist DBEs in capacity building and improving business acumen, many other State DOTs do not.

In the coming weeks, HCR will issue a memorandum to the Divisions requesting the development of Statements of Work (SOWs) for DBE Supportive Services (DBE/SS) from the State DOTs that will include specific timeframes and guidance for 2014 programs. As was requested in the guidance issued in my August 27, 2012 memorandum, each State DOT is expected to design an effective and feasible metric-based DBE/SS program for the purpose of increasing the capacity and improving the overall business practices of DBEs.

To further this objective, HCR is now requiring that every State DOT use its DBE/SS allocation to create a Business Development Program (BDP). The purpose of BDPs is to evaluate and provide a structured process for DBEs to receive firm-specific training and guidance to be competitive within the heavy highway or other construction marketplace. DBE program regulations found in 49 CFR §26.35 give FHWA the authority to direct State DOTs to establish a DBE Business Development Program (BDP) to assist firms in gaining the ability to compete successfully in the marketplace. The parameters of a BDP are set out in detail in 49 CFR Part 26, Appendix C. Highlights of the information in this Appendix include:

- Each DBE participating in the program is subject to a program term that should consist of a developmental stage and a transitional stage. The developmental stage is designed to provide assistance for the DBE to access relevant markets and strengthen its financial and managerial skills. The transitional stage is designed to assist participants to prepare for leaving the program.
- The participants must develop and submit a comprehensive business plan that contains an analysis of their market potential; an analysis of their strengths and weaknesses in the areas of financial, managerial, technical, or labor conditions; and specific target objectives and goals over a period of two years.

The FHWA Division Offices, with assistance provided by HCR and the Resource Center, will review and approve each State's BDP, allowing appropriate flexibility to structure programs to address circumstances unique to the State DOT's pool of DBEs. We expect the State DOT to use a qualification-based selection process to identify appropriate BDP participants. Ideal candidates would be underutilized DBEs with the potential to achieve success on federally-assisted highway contracts. The goal is for the DBE/SS program funds to be used to ensure DBEs truly become more effective and successful business enterprises.

We understand that many State DOTs may have already created a DBE/SS program that does not comport with the BDP, and may need some time to develop this model. Therefore, we are asking that you meet with your State DOTs to introduce this requirement and create a schedule for implementing a BDP. While establishing DBE/SS programs continue to be voluntary, by Fiscal Year (FY) 2015, we will no longer allocate DBE/SS funds to State DOTs without an approved BDP. Nor will we continue to fund State DOTs whose DBE/SS programs do not accomplish their pre-determined outcome measures. That being said, we encourage you to promote this new model and invite your State DOTs to participate in upcoming best practices webinars.

In developing their BDPs, we ask that State DOTs use our federal partners within the Office of Small and Disadvantaged Business Utilization (OSDBU) who are committed to working with FHWA and State DOTs through their Small Business Transportation Resource Centers (SBTRCs) located throughout the nation. As federally funded entities serving all U.S. States and Territories, SBTRCs provide technical and financial assistance to small businesses, including DBEs, in their respective regions. This service includes general business counseling and the implementation of DOT's Short Term Lending Program (STLP), Bonding Education Program (BEP), and Women in Transportation Initiative (WITI). The list and contact information for all SBTRCs are included at the end of this memorandum. We strongly encourage each State DOT to leverage its resources by working in partnership with the SBTRCs in their area.

We also encourage State DOTs to collaborate with other existing business development programs within local or Federal Departments of Education and Labor, trade associations, colleges and trade schools, and other organizations that specialize in the training and development of small and disadvantaged businesses to assist in leveraging limited resources.

Over the next year, HCR and our Resource Center partners will be scheduling BDP best practices webinars for Division Civil Rights Specialists and State DOTs to learn from the success of other State DOT programs. This schedule will be forthcoming.

If you need further assistance please feel free to contact Martha Kenley, FHWA's National DBE Program Manager. She can be reached via email at: at martha.kenley@dot.gov.

cc: Victor M. Mendez, FHWA Administrator
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Small Business Transportation Resource Centers (SBTRCs)

Contact Information – Updated June 2013

For more information on SBTRCs and their programs in your state, please visit the DOT-OSDBU Regional Assistance Division website:

<http://www.dot.gov/osdbu/regional-assistance/resources-near-you>

Central Region

States: MO, AR, KS, IA, MN
Organization: Helping Hand Community Development Corporation Inc.
Location: Little Rock, AR
Name: Tammy Armond
Title: Project Director
Email: tarmond@helpinghandddcdc.org
Phone: (501) 375-1788

Great Lakes Region

States: IL, MI, IN, WI
Organization: Illinois Hispanic Chamber of Commerce
Location: Chicago, IL
Name: Roberto Escalante
Title: Project Director
Email: rescalante@ihccbbusiness.net
Phone: (312) 425-9500

Gulf Region

States: TX, LA, OK, NM
Organization: Greater Dallas Hispanic Chamber of Commerce (GDHCC)
Location: Dallas, TX
Name: Tony Arps
Title: Project Director
Email: Anthony@gdhcc.com
Phone: (214) 523-3432

Mid-Atlantic Region

States: PA, OH, DE, MD, DC
Organization: The Enterprise Center
Location: Philadelphia, PA
Name: Rich Laster
Title: Project Director
Email: rlaster@theenterprisecenter.com
Phone: (215) 895-4051

Mid-South Atlantic Region

States: GA, TN, SC
Organization: Greater Atlanta Economic Alliance (GAEA)
Location: Atlanta, GA
Name: Joe Jackson
Title: Project Director
Email: joe.jackson@alliance4u.org
Phone: (404) 827-9677

Northeast Region

States: NY, NJ, MA, CT, RI, NH, VT, ME
Organization: LaGuardia Community College
Location: Long Island City, NY
Name: Elizabeth Perdomo
Title: Project Director
Email: eperdomo@lagcc.cuny.edu
Phone: (718) 482-5941

Northwest Region

States: WA, OR, ID, MT, AK
Organization: Economic Alliance of Snohomish County (EASC)
Location: Seattle, WA
Name: Lily Keeffe
Title: Project Director
Email: Lilyk@economicalliancesc.org
Phone: (425) 248-4222

Southeast Region

States: FL, AL, MS, PR, USVI
Organization: Miami Dade College
Location: Miami, FL
Name: Adrianna Clark
Title: Project Director
Email: aclark1@mdc.edu
Phone: (305) 237-8523

Southwest Region

States: CA, AZ, NV, HI
Organization: California Asian Pacific Chamber of Commerce
Location: Sacramento, CA
Name: Scott Leslie
Title: Project Director
Email: sleslie@calasiancc.org
Phone: (916) 443-5957

South Atlantic Region

States: VA, NC, KY, WV

Organization: Old Dominion University Research Foundation

Location: Norfolk, VA

Name: Barbara Mann

Title: Project Director

Email: bmann@odu.edu

Phone: (757) 683-6764

West Central Region

States: CO, NE, UT, WY, SD, ND

Organization: Colorado Contractors Association (CCA)

Location: Centennial, CO

Name: Lavonna Stathes

Title: Project Director

Email: lstathes@ccainfo.org

Phone: (303) 290-6611